Begin with the End in Mind (EBT Planning and Priorities)

WIC EBT Users Group Meeting
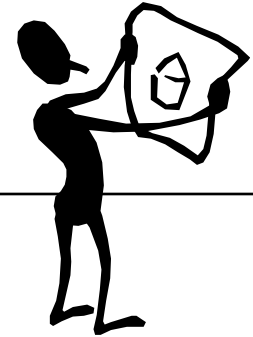
San Diego, California

November 3, 2009

Are You Interested In EBT?

- Interest in EBT is growing
- Planning for EBT needs to start early
- Pending availability of funds, FNS will award grants to additional States for EBT planning activities

HOWEVER

- States CAN also use their own NSA funds for EBT

EBT Planning Activities

- ✓ Do Your Homework
- ✓ Obtain Stakeholder Support
- ✓ Consult With Your IT Department
- ✓ Determine Procurement Options
- ✓ Consult with Vendors/Retailers
- ✓ Conduct Alternatives Analysis and Cost Benefit Analysis

EBT Planning Activities - continued

- ✓ Do Not "Reinvent the Wheel"
- ✓ Review Documents on FNS website at www.fns.usda.gov/apd/
- ✓ Discuss Your Plans With Your RO
- ✓ Apply for an EBT Planning grant or submit a Planning APD to RO and HQ

Do Your Homework

Readiness

- Is your system EBT-ready?
  - Review FReD and EBT readiness documents
  - Appendix E of FReD has a lot of information

Cost

- Is EBT affordable in your State?
  - Identify baseline paper costs
  - Use EBT National Cost Model or model developed for VA – both are in the APD document library

Do Your Homework (continued)

State Resources

- Can you devote State staff time to EBT?
- Is there State expertise available?
- Who will manage your EBT project?
- Are there other competing priorities?

Risk Management

- What are the risks in doing EBT?

Talk to other States that have done EBT

Obtain Stakeholder Support

Retailer Support

- Critical to involve retailers early on
- Do you have support from major chain stores?
  - Review EBT evaluation documents
- Have you established a vendor advisory group for EBT?

State Support

- Do you have the support of State officials?

Consult With State IT Department

State Requirements

- Are there internal IT requirements for system development?
- What technical support will the State agency require?
- How will that be obtained?
- Are there State legislative requirements?
- Do you need to coordinate with other programs? Other card requirements?

Determine Procurement Options

- **How can you obtain the needed expertise?**
  - Project Management
  - Card Technology Expertise
  - Requirements Definition
  - Quality Assurance
  - EBT Contractor or Contractors to Implement an EBT System
- **Can you piggyback on an existing contract?**

Technology / Cost / Operational Considerations

Conduct feasibility study/cost benefit analysis

- What is the cost/benefit of available technologies?

  On-line vs. off-line?

- Are there barriers to EBT implementation in your State?

- Do you have remote sites where telecommunications (i.e., phone, internet, network) would be difficult to provide?

- What, if any, assumptions were used in your analysis?

Do Not "Reinvent the Wheel"

- Examine existing WIC EBT projects to determine best practices
- Learn about work in progress including the business and technical workgroups

- Attend EBT Users Group Meetings

Review Documentation

- **www.fns.usda.gov/apd/**
  - EBT National Cost Evaluation Model
    - Original model and VA model
    - Arkansas funded for new tool creation
  - WIC EBT Policy Memoranda
  - UPC Category/Subcategory Table
  - Status of EBT pilot projects
  - FReD EBT-Ready Functions
  - FNS Handbook 901 – WIC EBT Chapter

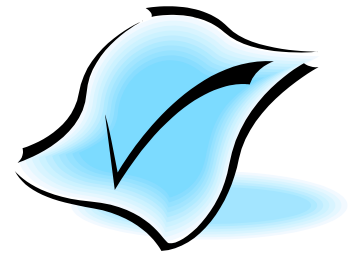# Prepare a Planning Advance Planning Document (PAPD)

Submit a PAPD to RO/HQ

- If using NSA funds for EBT planning, a PAPD is required, regardless of cost

- PAPD must adequately address all planning activities to be conducted by the State agency or outside contractor

- All EBT project approvals come from HQ

Content of Planning APD for EBT

- **The PAPD is an _8-10 page document_ that consists of:**
  - Transmittal Letter
  - Executive Summary
  - Resource Requirement
  - Schedule of Planning Activities, Milestones, and Deliverables
  - Proposed Budget for Planning
  - Cost Allocation Plan

Functional Requirements Document for Model WIC System

FReD

- 2008 FReD and FReD-E combined
- Incorporates EBT Readiness Functionality previously found in FNS EBT Readiness Guide
- Provides for technology neutral solution to EBT
- Appendix E- EBT Systems
  - EBT Implementation requirements outside the WIC IS
- Provides foundation for Universal Interface Requirements

Discuss Plans With Your FNS RO

Obtain FNS Advice

- Will you use your NSA funds for EBT?

- Will OA funds be needed?

- Will EBT grant funding be needed?

State Agency Options Following Planning Activities

- **If planning results support EBT implementation, the State agency may**
  - submit an IAPD for approval to use NSA and/or OA funds to conduct EBT

    or

  - submit a grant proposal to compete for EBT funds to conduct EBT

Planning your Procurement

- What are my State's procurement options??

- FNS policy remains the same – competition is good – fair price, clear requirements and level of service

Planning Your Procurements

- Develop a set of requirements

  - Service Levels
  - Performance Standards
  - Contract enforcement

Planning Your EBT Procurement

○ Service Levels?
- Is a 24 X 7 customer service needed?
    - ○ Shut off access to lost or stolen cards?
    - ○ Replace cards or change or select PIN?
    - ○ Back-up if bad weather or local outages?

    - ○ Respond to retailer questions about their daily payment?
    - ○ If equipment fails, how quickly must it be repaired or replaced? By whom?

Planning Your EBT Procurement

- Contract Enforcement
  - Operational Standards
    - Maintain an external settlement server
      - Backup
      - Telecom or network support
    - On-line host processing standard – liquidated or performance penalties?

Planning Your EBT Procurement

- What are my options?

- Off-line
  - Obtain software and adapt it to State agency systems environment
  - Get a good Project Manager or Coordinator
- On-line –
  - Amend SNAP contract?
  - Bid for a separate contract?

Retailer enablement

- On Day 1, will my WIC retail vendors be ready to accept cards with benefits?
- Assume all will have card readers and updated scanners
- If not, then some way must be found to equip the stores

Retailer enablement

○ What is the National Strategy?

- Cash Register Integration is Preferred
  - ○ Single scan
  - ○ Allows WIC cardholder to shop in any lane
  - ○ Less stigma
  - ○ Store trains clerks on one system
  - ○ State agency avoids cost of stand-beside

Retailer enablement

- How do we make this happen?

  - Federal grants to provide seed money for integrated cash register updates

  - States must publish retailer technical specifications

  - Establish testing and certification standards

Retailer enablement

- Business Plan?
  - How will we pass funding to the retail vendors to enable integration?
  - Off-line
    - Incentives to systems with multi-state footprint
    - Provide funding to acquire WIC-capable cash registers
    - Need for a Back-up plan to ensure access

Retailer enablement

○ On-line

- Integrated is just getting started – with fewer independent sales options
- Offer fixed amount as a shared cost with shared benefit?
- Stand-beside under EBT contract or via separate contract remain options

Retailer Enablement

- How to contract for integration? not always easy
  - State vendor agreements
  - Separate State Contract

- Examine your choices early on